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SENATE BILL 677

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

DON KIDD

AN ACT

MAKING AN APPROPRIATION TO DETERMINE THE FEASIBILITY OF CREATING  
A PREPAID COLLEGE TUITION PROGRAM

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. PREPAID HIGHER EDUCATION TUITION PROGRAM -  
FEASIBILITY STUDY--GUIDELINES. --

A. The commission on higher education shall conduct  
a thorough study to determine the feasibility of creating a  
prepaid higher education tuition program, which shall include  
requirements that:

(1) prepaid tuition contracts, once paid, will  
cover all tuition and required fees of the institution of higher  
education;

(2) payments for prepaid tuition contracts may  
be made either in a lump sum or in installments;

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(3) the prepaid tuition contracts shall:

(a) allow purchasers to choose from payment plans that pay the tuition and required fees for either a community college, four-year or in-state, private post-secondary educational institution;

(b) allow for rollover of prepaid higher education tuition benefits from one plan to another, and that provide that benefits may be used at any community college, four-year or in-state, private post-secondary educational institution;

(c) include penalties for termination of the contract or default on any of the contract's terms or conditions; and

(d) include provisions that allow purchasers to change or switch beneficiaries;

(4) beneficiaries meet certain minimum eligibility requirements;

(5) when setting contract prices, the commission consider:

(a) the amount and estimated rate of increase of tuition and fees at institutions of higher education;

(b) expected investment returns;

(c) estimated administrative costs; and

(d) the period between the date the

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1 contract is entered into and the date the beneficiary is  
2 projected to graduate from high school;

3 (6) allow for gifts or bequests either on  
4 behalf of a beneficiary or to the fund generally;

5 (7) institutions of higher education are either  
6 required to participate or that the commission may specify how  
7 and when institutions of higher education become eligible to  
8 participate in the program;

9 (8) benefits under a prepaid tuition contract  
10 are excluded from any calculation of a beneficiary's state  
11 student-aid eligibility; and

12 (9) a program established pursuant to the  
13 requirements set forth in this section shall not obligate or  
14 encumber any money deposited in the state permanent fund, the  
15 severance tax bond fund or any money that is a part of a state-  
16 funded financial aid program.

17 B. The commission shall report its findings to the  
18 appropriate interim legislative committee no later than October  
19 15, 1997. The report shall include a recommendation from the  
20 commission regarding the feasibility of implementing a prepaid  
21 higher education tuition program based on the requirements set  
22 forth in Subsection A of this section.

23 Section 2. APPROPRIATION. -- One hundred seventy-five  
24 thousand dollars (\$175,000) is appropriated from the general  
25 fund to the commission on higher education for expenditure in

. 114188.2

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1 fiscal year 1998 for the purpose of conducting a study to  
2 determine the feasibility of creating a prepaid higher education  
3 tuition program with the requirements set forth in Subsection A  
4 of Section 1 of this act. Any unexpended or unencumbered  
5 balance remaining at the end of fiscal year 1998 shall revert to  
6 the general fund.

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1 FORTY-THIRD LEGISLATURE  
2 FIRST SESSION, 1997  
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5 March 4, 1997  
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7 Mr. President:  
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9 Your EDUCATION COMMITTEE, to whom has been referred  
10

11 SENATE BILL 677  
12

13 has had it under consideration and reports same with  
14 recommendation that it DO PASS, and thence referred to the  
15 FINANCE COMMITTEE.  
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17 Respectfully submitted,  
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22 Cynthia Nava, Chairman  
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Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_

(Chief Clerk)

(Chief Clerk)

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Date \_\_\_\_\_

The roll call vote was 6 For 0 Against

Yes: 6

No: 0

Excused: Boitano, Duran, Gorham, Maloof

Absent: None

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1 FORTY-THIRD LEGISLATURE  
2 FIRST SESSION, 1997  
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SB 677/a

5 March 15, 1997  
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7 Mr. President:  
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9 Your FINANCE COMMITTEE, to whom has been referred  
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11 SENATE BILL 677  
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13 has had it under consideration and reports same with  
14 recommendation that it DO PASS, amended as follows:  
15

- 16 1. On page 1, line 11, strike "MAKING AN APPROPRIATION".  
17
- 18 2. On page 3, strike lines 23 through 25.  
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- 20 2. On page 4, strike lines 1 through 6.  
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22 Respectfully submitted,  
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FORTY-THIRD LEGISLATURE  
FIRST SESSION, 1997

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Ben D. Altamirano, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 8 For 0 Against

Yes: 8

No: None

Excused: Aragon, Carraro, McKibben

Absent: None

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